

MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF
THE MIAMI BEACH EMPLOYEES' RETIREMENT PLAN
OF THE CITY OF MIAMI BEACH
February 11, 2014

Chairman Boyd called the meeting to order at 10:00 a.m.

Board Members present were as follows:

James Boyd	Carla Gomez	Jorge Gomez
Warren Green	Ray Horday	Richard McKinnon
Jonathan Sinkes	Patricia Walker	John Woodruff

Members absent - None

Also present were:

Steve Cypen	Board attorney
Rick Rivera	Pension Administrator
Robert Martinez	Assistant Administrator
Bill Cottle	Fund Consultant
Melissa Algayer	Fund's Actuary, GRS
Jeffrey Amrose	Senior Consultant, GRS
Mariko Boswell	Investment Manager, PIMCO
Clement Johns	Fund's external auditor
Rosa Salum	Fund's external auditor

CONSENT AGENDA

The Administrator requested the addition of one request for payment/conferences for Trustee Jonathan Sinkes for the amount of \$665.41

A motion was made by Mr. McKinnon duly seconded by Mr. Horday, and with all in favor it was Unanimously

RESOLVED that one request for payment/conferences for Trustee Jonathan Sinkes for the amount of \$665.41 be added to the Consent Agenda.

A motion was made by Mr. McKinnon duly seconded by Mr. Horday, and with all in favor except Mr. Sinkes who abstained it was

RESOLVED that the Consent Agenda be approved as amended.

C-1 The Minutes of the January 14, 2014 board meeting were approved as presented.

C-2 New Members were approved as follows -

Emp #	Full name	Description	To	Eff date	Salary Group	Position Title
20401	CUMMINS, BRETT	NEW HIRE	MBERP	01/08/14	uncl	CONSTIT/COMM AIDE
20399	GUEVARA, ODALYS	NEW HIRE	MBERP	01/06/14	uncl	CIVIL ENGINEER I
20400	MILEKIC, DJORDJE	NEW HIRE	MBERP	01/06/14	uncl	MAYOR/COMM BRAND MGR
20398	NUSSBAUM, BENJAMIN	NEW HIRE	MBERP	01/06/14	uncl	FINANC ANALYST III
20396	PULIDO, VICTOR	NEW HIRE	MBERP	01/02/14	uncl	MAYOR/COMM OFFICE MGR
20395	TROFINO, TATHIANE	NEW HIRE	MBERP	01/06/14	uncl	CONSTIT/COMM AIDE
20308	ARAGON, ROBERT	PROBATION END	MBRP10	01/08/14	afscme	FLEET SERVICE REP
20309	ARMESTO, SHARON	PROBATION END	MBERP	01/08/14	cwa	COMPLAINT OPE II
20310	HODGES, WILLIE	PROBATION END	MBRP10	01/08/14	afscme	MSW III
20212	KALOGEROPOULOS, N.	PROBATION END	MBERP	01/08/14	cwa	CRIME SCENE TECH I
18967	PADILLA, DIANA	FROM P/T	MBRP10	12/30/13	afscme	RECREATION LEADER I
20408	CARRA, LAUREN VICTORIA	NEW HIRE	MBERP	01/21/14	uncl	CONSTIT/COMM AIDE
20407	FERNANDEZ, GISELA M	NEW HIRE	MBERP	01/21/14	uncl	OFFICE ASSOCIATE V

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C-3 New Retiree Allowances were approved as follows -

<u>Name</u>	<u>Date</u>	<u>Retirement Type</u>	<u>Monthly Amount</u>
Maria Godoy	03/01/2014	Vested Retirement Allow	\$ 2,397.64

C-4 New Pensioner Allowances were approved as follows - (None)

C-5 Requests for Lump Sum Refunds were approved as follows -

<u>Name</u>	<u>Separation Date</u>	<u>Amount</u>	<u>Reason</u>
Christopher Curran	12/06/2013	\$ 9,365.32	Resignation
Paula Rodriguez	02/07/2014	\$32,972.20	Resignation

C-6 Request for Accumulated Contribution Refund for a Named Beneficiary was approved as follows - (None)

C-7 Purchases of Creditable Service Time were approved as follows -

<u>Name</u>	<u>Date</u>	<u>Year Purchased</u>	<u>Hours Used</u>	<u>Total Buyback \$</u>	<u>Buyback Type</u>
Yosbani Mendez	1/23/2014	0.51	138.14	\$ 3,943.79	Probation
Francisco Couto	1/22/2014	0.50	81.73	\$ 2,554.75	Probation
Mario Del Valle	1/22/2014	0.51	110.91	\$ 2,910.11	Probation
Shelly Fernandez	1/21/2014	0.34	103.48	\$ 2,004.71	Probation
Joseph LaFontant	1/17/2014	0.72	198.52	\$ 5,887.69	Probation

C-8 Request for up to Two (2) years of additional creditable service were approved as follows -

<u>Name</u>	<u>Date</u>	<u>Years Purchased</u>	<u>Prior Service Employer</u>	<u>Prior Service Back-up</u>
Belcher Jones	2/5/2014	2.00	Air Force	DD-214

C-9 DROP applicants were approved as follows -

<u>Name</u>	<u>Effective</u>	<u>Estimated Benefit</u>	<u>Last DROP Pmt.</u>
Atala Montejo	03/01/2014	\$ 1,364.07	02/28/2019
Christina Hirschhorn	03/01/2014	\$ 4,008.15	02/28/2019
Lillian Beauchamp	03/01/2014	\$ 4,270.00	02/28/2019
Luis Godoy	03/01/2014	\$ 4,020.00	02/28/2017
Anthony Throupe	03/01/2014	\$ 2,376.35	02/28/2017
Patricia Becerra	03/01/2014	\$ 3,990.00	02/28/2019

C-10 Lump Sum Refunds paid since the last meeting were approved as follows -

<u>Date</u>	<u>Lump Sums Paid January 2014</u>	<u>Check #</u>	<u>Amount</u>
1/17/2014	Lump Sum- N. Neal	114245	\$ 35,557.65
	945 Tax Deposit N. Neal	xxxx	\$ 8,889.41
1/21/2014	Lump Sum- Kelly Day	114247	\$ 8,266.34
	945 Tax Deposit K. Day	xxxx	\$ 2,066.58
1/21/2014	IRA Rollover- M. Gonzalo	114248	\$ 37,549.95
1/22/2014	IRA Rollover- Fernando Hernandez	114249	\$ 71,098.47
1/22/2014	IRA Rollover- Karla Adrien	114250	\$ 57,726.09

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<u>Date</u>	<u>Lump Sums Paid January 2014</u>	<u>Check #</u>	<u>Amount</u>
1/22/2014	IRA Rollover- Teshana Green	114251	\$ 27,369.61
1/22/2014	IRA Rollover Wilfredo Guilarte	114252	\$ 23,618.40
1/22/2014	Lump Sum- M. Overton	114253	\$ 24,145.58
	945 Tax Deposit- Overton	xxxx	\$ 6,036.39
1/22/2014	Lump Sum- A. Cuba	114255	\$ 4,576.91
	945 Tax Deposit A. Cuba	xxxx	\$ 1,144.23

C-11 The Financial Reports were approved as presented.

C-12 Requests for Payment - Administrative Expenses

Legal

Steve Cypen- Legal Services

Legal services rendered for February 2014 \$5,000.00

Holland & Knight - Pension Compliance Review

Legal services through 1/14/14 per inv.# 3007434 \$300.00

Bookkeeping

Joan Wall- Bookkeeping

services rendered for the month of February 2014 \$350.00

Computer Consultant

Programming & Consulting Services- Ellen Schaffer

Programming services per inv# 2702 dated 1/31/14 \$230.00

Auditors

Audit Services- Goldstein Schechter Koch

Progress bill for yearend audit 9/30/13 INV.# 111178 \$7,000.00

Office, etc.

Storage - IDD

Monthly storage fee per inv.# 0084134 \$84.13

Copier- Wells Fargo Financial Leasing

copier fees for Feb. 2014 per inv.# 5000786450 \$151.30

Office Repair & Maintenance - CMB Property Management

for the month of Nov. & Dec. 13' inv.# 00045902 \$2,917.38

Printing & Postage- Central Services

for the month of Dec 2013 per inv.# 00046075 \$735.10

Investment Consultant Fees

Investment Management- Rhumblin

4Q fees for P/E 12/31/13 per inv.# mbgadr2013Q4 \$8,173.00

Investment Management- Rhumblin

Quarterly fees for P/E 12/31/13 per inv.# gmbeach2013Q4 \$18,894.00

Investment Management- WHV

Bill for period of 9/21/13-9/30/13 per inv.#53265 \$27,325.00

Custody Fees

Custodian Fee- Fiduciary Trust Int'l

Q fee for the Q ending 12/31/13 inv.# S14800289094 \$5,745.24

C-13 Requests for Payment(Conferences) -

Conferences & Education - Hyatt Regency Hotel

Hotel accommodations for C. Gomez FPPTA school \$537.00

Conference & Education - Hyatt Regency Hotel

Hotel accommodations for J. Sinkes FPPTA school \$716.00

Conference & Education - Jonathan Sinkes

Travel expense reimbursement for FPPTA School Jax. \$665.41

Conference & Education - FPPTA

School registration for C. Gomez & J. Sinkes \$900.00

REGULAR AGENDA

R-1 Deferred Items -

A. Review of MBERP vendors - This item continued to remain deferred.

B. Review of Actuarial Assumptions - The Plan's actuary Melissa Algayer and Jeffrey Amrose reviewed their letter dated January 11, 2014 which illustrated the approximate impact of lowering the investment return assumption on the annual required contribution, unfunded actuarial accrued liability and the funded ratio. The Board reviewed the Chart prepared by GRS that outlined lowering the investment return from 8% to either 7.50% or 7.25%. A discussion ensued regarding implementing the lowering of the investment return assumption and the initial negative impact on the funded ratio, covered payroll and increase on the UAL.

Ms. Gomez reminded the Board that she had requested that GRS provide information regarding the impact of lowering the salary assumption based on recent salary experience, administrative pronouncements and Union negotiated salary increases that she felt justified lowering the salary assumption. A discussion ensued. Chairman Boyd said that it would be better not to make a decision on lowering the investment return assumption until GRS provide an analysis on the lowering of the salary assumption. Mr. Amrose requested that GRS be provided back-up for the lowering of the salary assumption. Ms. Gomez said that she would be able to send GRS the salary information requested. Mr. Amrose said that if GRS is provided the salary information quickly GRS would be able to present the information at the March 2014 board meeting. He said that if a decision is made regarding changes in assumptions at the March board meeting, then the changes would be able to be reflected in the October 1, 2013 Actuarial Report.

R-2 New Items -

A. September 30, 2013 Financial Statements presentation by Clement Johns and Rosa Salum of Goldstein Schechter Koch (GSK) - Mr. Johns and Ms. Salum went over the 9/30/2013 financial statements including the Independent Auditor's report, Management's discussion and analysis, Financial Statements, Required supplementary information and other supplementary schedules. Ms. Salum stated that GSK had issued an unqualified opinion of the Plan's financial statements. Mr. Johns said that the Plan's net assets had increased from \$422,514,412 to \$466,151,540 at 9/30/2013 primarily due to net investment income for the year.

A motion was made by Ms. Walker duly seconded by Mr. Green, and with all in favor, it was unanimously

RESOLVED that the September 30, 2013 Financial Statements be approved as presented.

- B. Commission Recapture agent ConvergeEx update - The Board reviewed the letters from ConvergeEx addressing their resolution with the SEC and DOJ regarding the routing of global trading to the Bermuda trading desk where misconduct took place. Mr. Cypen said that although ConvergeEx stated in their January 9th letter to the Administrator that none of the Fund's trades had been impacted by the ConvergeEx misconduct he recommended further due diligence to confirm this statement. A discussion ensued. Mr. Cottle said that he would follow up with ConvergeEx directly and report back the Board. The Administrator was advised not to use the Fund's commission recapture agent, ConvergeEx, until the matter was clarified.
- C. IRS Favorable Determination Letter - The Board reviewed the IRS favorable determination letter dated January 8, 2014. Mr. Cypen said that based on the date that the determination letter was received by the Plan it was best to remain in the current cycle 'C' giving the Retirement System the advantage of staying on cycle and ensuring that the plan document/ordinance remains in compliance with federal tax requirements.
- D. Request salary adjustment for pension aide - The Administrator requested that this item be deferred until next month.

A motion was made by Mr. Gomez duly seconded by Ms. Walker, and with all in favor, it was unanimously

RESOLVED that Item R-2(D) request salary adjustment for pension aide, be deferred until next month.

R-3 Other Business

- A. The Administrator's Report - There was no new information at this time.

R-4 Investment Reports

- A. Fund Consultant's Report - Mr. Cottle went over his quarterly fund performance report. He said that the Fund's fiscal year investment return was 5.9%. He said that the Fund's quarterly performance ranked in the 22nd percentile of the Milliman universe. Mr. Cottle reviewed the actual asset allocation, investment manager performance and total fund risk/reward versus the Universe from the 9/30/2013 Milliman quarterly report.

Mr. Cottle reviewed the asset allocation study and policy portfolio mix that the Board approved at the January 2014 meeting. A discussion ensued regarding what type of real estate investment the Fund should invest in. Mr. Cottle said that over the past year Milliman had conducted analyses of various real estate opportunities in the marketplace including Core Property Capital and American Realty. He said that if these two organizations are to be considered for potential allocations, further due-diligence is necessary. A discussion ensued.

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Mr. Cottle recommended that the Fund's first exposure to real estate should be an open-end real estate vehicle. A discussion ensued. Mr. Green felt that based on Core Property Capital's investment performance and investment timeline, the Board should consider a partial real estate investment in Core Property Capital at this time. A discussion ensued. The Board decided that the Fund's initial investment in real estate should be an open end real estate fund.

A motion was made by Ms. Walker duly seconded by Mr. Sinkes, and with all in favor, it was unanimously

RESOLVED that Milliman Inc. be commissioned to conduct an open end real estate fund manager search and report the findings back to the Board.

B. Bill Cottle, Milliman Inc. request to change meeting date in May 2013 - Mr. Cottle requested if the Board would consider changing the meeting date from Tuesday, May 13th at 10:00 am to Tuesday, May 6th at 10:00 am. A discussion ensued.

A motion was made by Ms. Walker duly seconded by Mr. Horday, and with all in favor, it was unanimously

RESOLVED that the Miami Beach Employees' Retirement Plan board meeting scheduled for May 13th be rescheduled for Tuesday, May 6th at 10:00 am.

C. Fixed income manager report - Ms. Mariko Boswell from PIMCO presented her fixed income quarterly investment manager report.

R-5 For Your Information

Chairman Boyd and Mr. Cypen reviewed For Your Information.

There being no further business to discuss, a motion was made by Ms. Walker seconded by Mr. Horday and unanimously

RESOLVED that the meeting be adjourned. The meeting was adjourned at 12:44 p.m.

James Boyd, Chairman

Carla Gomez, Secretary